

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-11 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /121 W
----- 054300

R 121756Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6443

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMEMBASSY MADRID

C O N F I D E N T I A L SECTION 01 OF 02 BONN 02472

E.O. 11652: GDS

TAGS: ENRG, OECD, EEC, GW, FR, US, UK

SUBJ: CURRENT ENERGY ISSUES

1. DURING FEB 12 TOUR D'HORIZON WITH EMBOFF,
ECONMINISTRY DEPUTY ASSISTANT SECRETARY KITTEL COMMENTED
AS FOLLOWS ON IEA, UK ENERGY POLICIES, FRENCH POSITION
RE MSP, COMMITTEE FOR ENERGY POLICY (CEP) AND WINDFALL
PROFITS TAX.

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2. IEA. KITTEL NOTED THAT, AT JANUARY 29-30

GOVERNING BOARD MEETING, FOUR MEMBERS--SPAIN, JAPAN, UK AND NEW ZEALAND--HAD ENTERED RESERVATIONS ON FORMAL ACCEPTANCE OF PROGRAM FOR LONG-TERM COOPERATION (REF OECD PARIS 3092). HE UNDERSTOOD THAT SPAIN HAD SINCE LIFTED ITS RESERVATION, AND THAT JAPAN (AT LEAST WORKING LEVEL) IS PREPARED TO DO SAME. KITTEL WAS MORE TROUBLED ABOUT UK RESERVATION WHICH IS BASED ON CONCERN THAT USE OF CONSUMER TAX UNDER MSP REGIME WOULD NOT SUFFICE TO PROTECT MARKET FOR BRITISH NORTH SEA OIL IN IEA COUNTRIES. TO ALLEVIATE THIS CONCERN, KITTEL HAD JOINED OTHER DELEGATIONS BY DECLARING THAT FRG WOULD REGARD CONSUMER TAX AS OF "SECONDARY IMPORTANCE" TO BE USED ONLY AS LAST RESORT.

3. UK ENERGY POLICIES. KITTEL ADDED THAT BILATERAL FRG/UK ENERGY TALKS WILL RESUME FEBRUARY 23 WHEN UK OFFICIAL LE CHEMINANT COMES TO BONN. KITTEL INTIMATED THAT FRG PLANS TO RAISE AT THAT TIME QUESTION OF WHETHER HMG PARTICIPATION IN NORTH SEA OIL WILL AFFECT INVESTMENTS BY DEMINEX (REF BONN 2396). HE REGARDED ENERGY MINISTER BENN AS MAIN UK STUMBLING BLOCK ON BOTH IEA AND PARTICIPATION ISSUES.

4. FRENCH POSITION ON P. KITTEL SAID THAT ASSISTANT SECRETARY ENGELMANN AND HE HAD BEEN IN PARIS FEBRUARY 6, IN EFFORT TO FURTHER BILATERAL ENERGY COORDINATION AND TO NUDGE GOF CLOSER TO DEFACTO COOPERATION WITH IEA. THEY HAD TALKED MAINLY WITH MONTRES, TOP ENERGY OFFICIAL IN MININDUSTRY. IN KITTEL'S VIEW, NEITHER TECHNICAL NOR POLITICAL LEVEL OF GOF ACCEPTS MSP, REGARDLESS OF WHAT GISCARD ALLEGEDLY TOLD HIS COLLEAGUES AT EUROPEAN COUNCIL MEETING LAST DECEMBER. KITTEL OPINED THAT FRENCH MAY BE TRYING TO NEGOTIATE ACCESS RIGHTS TO NORTH SEA OIL IN EXCHANGE FOR EVENTUAL ACCEPTANCE OF MSP. HE SAID THAT ECONOMIC MINISTRY HAD URGED CHANCELLOR SCHMIDT TO RAISE MSP AT NICE SUMMIT TALKS THIS WEEK, AND HAD PREPARED BRIEF WHICH ARGUES THAT (A) FRG AND GOF SHARRE COMMON INTEREST IN SECURING RIGHTS TO NORTH SEA OIL, UNDER BOTH EC AND IEA UMBRELLAS, AND (B)

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 02472

ACCEPTANCE OF MSP ACCORDINGLY IS PRICE THAT MUST BE
PAID FOR SUCH ACCESS. KITTEL SAID MONTRES HAD BEEN
VERY CAGEY ON MSP AND HAD HINTED THAT ISSUE IS SUBJECT
OF DIRECT USG/GOF NEGOTIATION ALONG LINES OF BACK-
GROUND TALKS WHICH LED TO MONETARY/FINANCIAL ACCORDS
REACHED IN KINGSTON. KITTEL HAD BEEN PUZZLED BY
MONTRES' ALLUSION AND TENDED TO DISCREDIT IT.

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5. COMMITTEE ON ENERGY POLICY. KITTEL SAID THAT FRENCH OECD REP BOEGNER HAD REJECTED IDEA THAT DAVIGNON OR LANZKE CHAIR OECD COMMITTEE FOR ENERGY POLICY (REF BONN 2112). THEREUPON, FRG HAD SURFACED NEW PROPOSAL THAT IEA VICE CHAIRMAN BOBLETTER CHAIR CEP. FRG REGARDS BOBLETTER AS "SAFE" CHOICE WHO WILL SERVE FRG GOAL OF ASSURING THAT CEP UNDERTAKES NO INITIATIVE TO UNDERCUT IEA'S PRIMARY COORDINATING ROLE IN ENERGY COMMISSION. ENGELMANN AND HE HAD TOLD MONTRES LAST WEEK THAT THEY WOULD REPRESENT FRG AT CEP MEETING CHAIRED BY BOBLETTER. GOF HAS NOT YET REACTED TO FRG PROPOSAL, HOWEVER.

6. WINDFALL PROFITS TAX ON DOMESTIC GAS/OIL PRODUCTION. WITH ADVENT OF MINORITY CDU GOVERNMENT IN LOWER SAXONY, KITTEL DECLARED THAT TAX PROPOSAL IS "DEAD" ON GROUNDS THAT MORE THAN TWO-THIRDS OF BUNDES RAT NOW OPPOSES IT.
CROWLEY

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